

**PUBLIC DISCLOSURE**

**FEBRUARY 23, 2015**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**MELROSE CO-OPERATIVE BANK  
Cert # 26511**

**638 MAIN STREET  
MELROSE, MASSACHUSETTS 02176**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118**

<p><b>NOTE:</b> This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the FDIC and the Division must prepare a written evaluation of the institution’s record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Melrose Co-operative Bank** (or the “**Bank**”), prepared by the Division and the FDIC, as of **February 23, 2015**.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."**

Based on Small Institution CRA evaluation procedures specified for institutions with assets under \$305 million, Melrose Co-operative Bank’s overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Performance Criteria, as reflected below.

- The Bank’s average net loan-to-deposit ratio over the evaluation period (74.4 percent) is reasonable, given the Bank’s size, financial condition, and the credit needs of its assessment area.
- A majority of loans (52.4 percent) reportable under the Home Mortgage Disclosure Act (“HMDA”) were outside the Bank’s assessment area. The Bank continues to have only the City of Melrose as its assessment area. The Bank has only one office located in Melrose. During 2013, the Bank originated almost 55 percent of its loans inside the assessment area, and ranked 3<sup>rd</sup> out of 179 lenders.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income). During 2013, the Bank’s percentage of loans to low-income borrowers was higher than the aggregate. Furthermore, Melrose Co-operative Bank’s lending to moderate-income borrowers during 2013 was significantly higher than aggregate. The Bank ranked 2<sup>nd</sup> to low-income borrowers and 3<sup>rd</sup> to moderate-income borrowers during 2013, trailing only JP Morgan Chase Bank and Wells Fargo Bank.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Although only one moderate-income census tract is located in the Bank’s assessment area, the Bank granted seven loans during 2013, falling slightly below the aggregate, but also slightly above the percentage of owner-occupied housing units. Furthermore, market share reports for 2013 demonstrate the Bank ranked 7<sup>th</sup> in lending within moderate-income census tracts in the assessment area. The top three ranked institutions were Wells Fargo Bank, JP Morgan Chase Bank, and CitiMortgage, Inc.
- The Bank did not receive any CRA-related complaints since the prior examination.

## **SCOPE OF THE EXAMINATION**

Small Bank evaluation procedures were used to assess the Bank's CRA performance. These procedures evaluated the Bank's CRA performance pursuant to the following criteria: Loan-to-Deposit (LTD) Ratio, Assessment Area Concentration, Borrower Profile, Geographic Distribution, and Response to CRA Complaints.

This evaluation focused on home mortgage lending, as it is the primary loan product offered by the Bank. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented only 0.7 percent of the loan portfolio.

Home mortgage lending data was analyzed from January 1, 2013 through December 31, 2014. Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to HMDA. The LARs contain data about home purchase and home improvement loans, including refinancing, of 1-4 family and multi-family properties (five or more units). The evaluation emphasized the Bank's home mortgage lending performance in 2013, as this is the most recent year for which aggregate lending data is available.

The Bank's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Bank's designated assessment area. The Bank's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2014 is referenced to illustrate trends in the Bank's lending data.

Demographic information is used from the 2010 U.S. Census when evaluating the lending data. Financial data was derived from the December 31, 2014 Call Report.

## PERFORMANCE CONTEXT

### Description of Institution

Melrose Co-operative Bank is a state-chartered institution. In 2014, the Bank applied for conversion from a mutual to the stock form of organization through the sale of shares of Melrose Bancorp, Inc. common stock. On October 21, 2014, the Bank completed its initial public offering to stockholders.

The Bank's sole office is located at 638 Main Street in Melrose. Office hours are 8:00AM to 4:00PM Monday through Thursday and 8:00AM to 7:00PM on Friday. The Bank is also open on Saturdays from 8:30AM through 12:30PM. The Bank has a drive-up automated teller machine (ATM) at its office.

The Bank offers a range of products and services to meet the financial needs of individuals and businesses. For individuals, the Bank offers an array of credit products including home equity lines of credit, residential mortgages, auto loans, and secured and unsecured personal loans. The Bank's deposit services include checking accounts, savings accounts, money market accounts, certificates of deposit, and IRAs. Other services offered to customers include online banking and bill payment, mobile banking, eStatements, and 24/7 telephone banking. With regards to business customers, the Bank offers deposit products such as business checking accounts, business savings accounts, memorial accounts, and specialized banking solutions for non-profit organizations, trusts, and estates.

As of December 31, 2014, the Bank's assets totaled approximately \$210 million. The Bank's gross loans at \$134.4 million represented 64.0 percent of total assets. Since the prior evaluation, the Bank's asset size increased 72.2 percent. The Bank increased its level of lending due to more referrals, new real estate broker relationships, and additional marketing.

Currently, 1-4 family and multi-family residential real estate loans comprise the largest portion of the Bank's loan portfolio at 97.1 percent. Construction, land development, and other land loans account for the second largest loan type at approximately 2.1 percent. Refer to Table 1 for further details concerning the Bank's loan portfolio.

<b>Table 1 – Loan Portfolio Distribution as of December 31, 2014</b>		
<b>Loan Type</b>	<b>Dollar Amount \$('000s)</b>	<b>Percent of Total Loans (%)</b>
Revolving, Open-end Loans Sec. by 1-4 Fam. Res. Prop., Extended Under Lines of Credit	10,335	7.7
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	118,184	87.9
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr Liens	517	0.3
Secured by Multi-Family (5 or more) Residential Properties	1,524	1.2
<b>Total Residential Real Estate Loans</b>	<b>130,560</b>	<b>97.1</b>
Construction, Land Development, and Other Land Loans	2,787	2.1
Secured by Nonfarm Nonresidential Properties	938	0.7
<b>Total Real Estate Loans</b>	<b>134,285</b>	<b>99.9</b>
Consumer Loans	158	0.1
<b>Total Loans</b>	<b>134,443</b>	<b>100.0</b>

*Source: December 31, 2014 Call Report*

The Bank's CRA performance was last evaluated by the Division and the FDIC on January 22, 2009. The joint public evaluation assigned a rating of "Satisfactory."

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

### **Description of Assessment Area**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. An assessment area should consist of whole geographies such as counties, cities, or towns. Further, an assessment area may not reflect illegal discrimination and may not arbitrarily exclude any low- or moderate-income areas.

Melrose Co-operative Bank identified its assessment area as the City of Melrose, Massachusetts. Melrose is in Middlesex County and is part of the Cambridge-Newton-Framingham, MA, Metropolitan Division (MD) #15764. The assessment area consists of one moderate-income census tract, three middle-income census tracts, and one upper-income census tract. As currently defined, the assessment area meets the technical requirements of the regulation as it includes whole geographies and does not arbitrarily exclude low- or moderate-income areas or expand beyond state boundaries.

There have been no changes to the assessment area since the previous evaluation. Table 2 lists the pertinent assessment area demographic information for the Bank's assessment area.

<b>Table 2 – Assessment Area Demographic Information</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	5		20.0	60.0	20.0
Population by Geography	26,983		15.8	61.4	22.8
Owner-Occupied Housing by Geography	7,012		10.4	63.8	25.8
Distribution of Families by Income Level	6,996	15.1	13.3	26.4	45.2
<b>Median Family Income (MFI) – 2010 Census</b>		\$90,625	<b>Median Housing Value Unemployment Rate (2010 U.S. Census)</b>		\$431,071 5.7%
<b>MD #15764 MFI, 2013</b>		\$101,000			
<b>MD #15764 MFI, 2014</b>		\$93,300			
<b>Families Below Poverty Level</b>		6.7%			

*Source: 2010 U.S. Census, 2012 and 2013 D&B data, 2013 and 2014 Estimated Median Family Incomes*

### **Median Family Income Levels**

According to 2010 U.S. Census data, the assessment area contains 10,741 households of which 6,996 are considered families. In 2014, the FFIEC adjusted Median Family Income ("MFI") for the assessment area was \$93,300. Approximately 71.6 percent of the assessment area consists of middle- and upper-income families. The 2010 U.S. Census also indicates that 6.7 percent of the families in the assessment area are below the poverty level.

Furthermore, the *Geographic Distribution* section assesses the distribution of loans by census tract income level, especially in those designated moderate-income. Each census tract is assigned an income level based on the MFI of the tract as compared to the MFI established for the Metropolitan Statistical Area (MSA) or MD in which the tract is located.

The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent, but less than 80 percent of MFI

Middle-Income: At least 80 percent, but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

### **Housing Characteristics**

There are 11,181 total housing units within the assessment area, of which 7,012, or 62.7 percent, are owner-occupied; 3,729, or 33.4 percent, are occupied rental units; and 440, or 3.9 percent, are vacant. Of the owner-occupied units, 10.4 percent are located in the moderate-income census tract of the assessment area. The high proportion of owner-occupied units in middle- and upper-income tracts may be indicative of limited home mortgage lending opportunities within the one moderate-income tract.

As displayed in Table 2, the assessment area median housing value is \$431,071. This may reflect a relatively affluent assessment area and potential affordability gap for low- and moderate-income families. Additional information obtained from The Warren Group housing statistics show that the average median sales price in Melrose escalated from \$421,500 in 2013 to \$466,500 in 2014.

### **Competition**

Melrose Co-operative Bank competes with several local institutions that have branches within the assessment area including East Boston Savings Bank, Institution for Savings in Newburyport, and Northern Bank & Trust Company. The Bank also competes for loans with mortgage companies such as Mortgage Network Inc. and Leader Mortgage Company. A total of 179 lenders originated 1,702 home mortgage loans in the Bank's assessment area in 2013. For the same year, Melrose Co-operative Bank originated 64 home mortgage loans and ranked them 3<sup>rd</sup> with a market share of 3.8 percent within the assessment area.

### **Unemployment**

According to The Bureau of Labor Statistics, the unemployment rate for the City of Melrose as of December 2014 was 3.2 percent. As of the same date, the unemployment rate in Middlesex County was 3.7 percent and the unemployment rate for Massachusetts was 4.8 percent. This information suggests that economic conditions in the assessment area may be slightly better than statewide economic conditions and both have been improving since 2010.

### **Community Contact**

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. A community contact within the area offered its perspective on the needs and opportunities for involvement throughout portions of the assessment area.

A community contact was conducted with a planning and community development organization whose mission is to protect and enhance the quality of life in Melrose through administering grants, reviewing and recommending changes in zoning, and other special projects. The contact stated that the area's home prices increased substantially over the years, creating an affordability gap for many Melrose residents. The most vulnerable to increasing housing costs are individuals on fixed incomes. The contact would like to see more affordable housing programs and services targeting these individuals. Overall, the contact was pleased with local the level of involvement of local financial institutions in the community.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

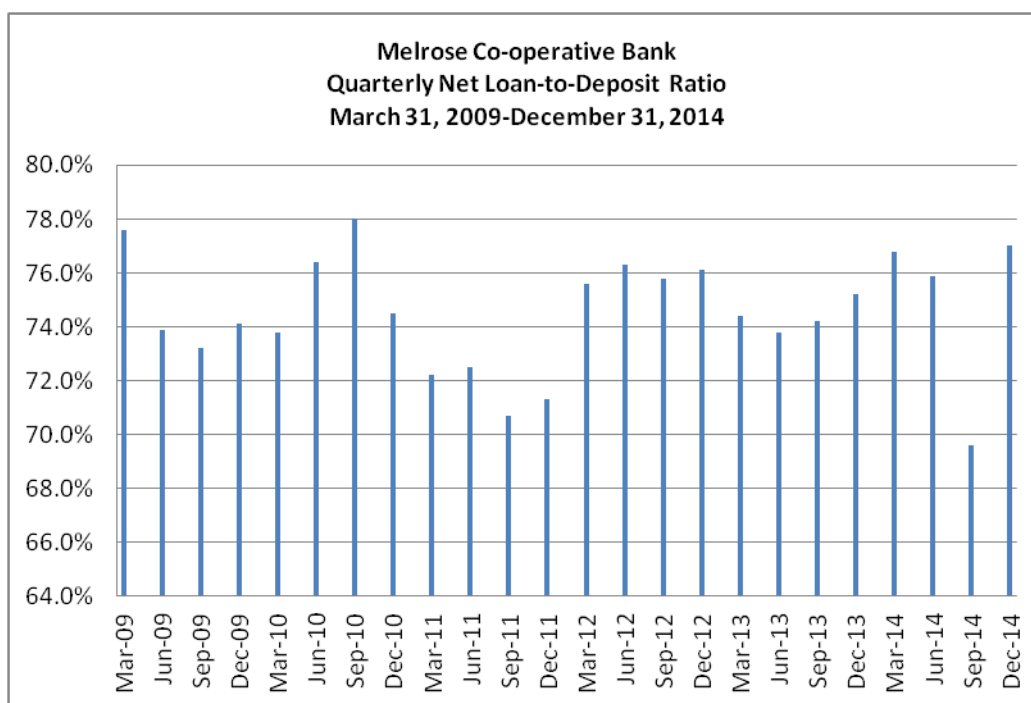
Melrose Co-operative Bank demonstrated satisfactory overall performance through the LTD ratio, Geographic Distribution, and Borrower Profile performance. The following summarizes the Bank's performance.

### **1. LOAN TO DEPOSIT (LTD) ANALYSIS**

Melrose Co-operative Bank's net LTD ratio is considered reasonable. This performance criterion determines what percentage of the Bank's deposits is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of the Bank's quarterly net LTD ratios for the period of March 31, 2009 to December 31, 2014 was conducted. The average net LTD ratio for this period was 74.4 percent. This ratio is based on total loans net of unearned income and the allowance for loan and lease losses as a percentage of total deposits.

Since the last CRA evaluation, deposits increased 52.0 percent and net loans increased 50.8 percent. As shown in the graph below, the net LTD ratio fluctuated from a high of 78.0 percent on September 30, 2010 to a low of 69.6 percent in September 30, 2014. Management attributed the dip in the net LTD ratio on September 30, 2014 to an increase in the deposit base as the Bank converted into a stock bank.

To further support the reasonable LTD, the Bank sold 21 loans totaling \$5.2 million in 2013 and sold 7 loans totaling \$1.8 million in 2014. Sold loans are not reflected in the net LTD ratio, but further support the Bank's performance under this criterion.



*Source: Call reports from March 31, 2009 to December 31, 2014*

Table 3 illustrates the Bank's average net LTD ratio as compared against the net average LTD ratios of two similarly situated institutions as December 31, 2014. Examiners selected comparable institutions based on asset size, geographic location, and lending focus. The Bank's average net LTD ratio is similar to that of the two institutions.

<b>Table 3 -Peer Group Net Loan-to-Deposit Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/14 (000's)</b>	<b>Average Net LTD Ratio (%) 3/31/09-12/31/14</b>
Patriot Community Bank	146,065	79.4
<b>Melrose Co-operative Bank</b>	<b>209,910</b>	<b>74.4</b>
Wakefield Co-operative Bank	183,806	72.0

*Source: Bank Call Reports from March 31, 2009 through December 31, 2014*

Based on the above information, the Bank's net LTD ratio is considered reasonable and meets the standards for satisfactory performance.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)**

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The Bank's overall distribution of loans inside its assessment area needs to improve.

The Bank originated a majority (52.4 percent) of its home mortgage loans outside the assessment area. Table 4 illustrates the Bank's record of extending home mortgage loans inside and outside of the area by number and dollar amount over the review period.

Table 4 - Distribution of Loans Inside and Outside of the Assessment Area										
Home Mortgage Loans	Number of Loans				Total	Dollars in Loans \$(‘000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2013	64	54.7	53	45.3	117	15,836	51.5	14,928	48.5	30,764
2014	27	36.5	47	63.5	74	8,183	37.5	13,633	62.5	21,816
Total	91	47.6	100	52.4	191	24,019	45.7	28,561	54.3	52,580

*Source: 2013 and 2014 HMDA Reported Data*

By number of loans, in 2013 the Bank originated 54.7 percent in the assessment area; however, in 2014, the Bank only originated 36.5 percent inside the assessment area. Bank management attributed the decrease in loan volume to a lack of demand for refinances from customers in the assessment area, which consists of the City of Melrose. In 2013, the Bank originated 42 refinances inside Melrose. Refinanced loans decreased 66.7 percent in 2014, to just 14 loans. As mentioned in the performance context, the Bank has only one office and always focused many of its efforts, including marketing, throughout the City of Melrose. Additionally, many of the Bank's depositors cannot afford to purchase homes within Melrose given the high median prices for a home and the limited inventory available. As such, many Bank customers seek homes outside of Melrose, but still seek loans from the Bank. The community contact mentioned that area home prices increased substantially, creating an affordability gap for many Melrose residents. Despite the decline in 2014 it should be noted that Melrose Co-operative Bank ranked 3<sup>rd</sup> out of 179 lenders that originated or purchased a loan during 2013.

Based on the above information, the Bank's lending inside its assessment area does not meet the standards for satisfactory performance and is considered in need of improvement.

### 3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

This performance criterion evaluates the distribution of the Bank's residential loans based on borrower income. Emphasis is placed on loans to low- and moderate-income borrowers.

The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income).

Table 5 shows home loans to low-, moderate-, middle- and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

<b>Table 5 – Distribution of Home Mortgage Loans by Income Category of the Borrower</b>				
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>
<b>Low</b>				
2013	15.1	3.4	3	4.7
2014	15.1	NA	0	0.0
<b>Moderate</b>				
2013	13.3	15.8	17	26.6
2014	13.3	NA	4	14.8
<b>Middle</b>				
2013	26.4	26.6	16	25.0
2014	26.4	NA	5	18.5
<b>Upper</b>				
2013	45.2	40.5	28	43.7
2014	45.2	NA	18	66.7
<b>Income NR</b>				
2013	0.0	13.7	0	0.0
2014	0.0	NA	0	0.0

*Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date, NR is income not reported*

In 2013, the Bank originated 4.7 percent of home mortgage loans to low-income borrowers, which is higher than the aggregate lending percentage at 3.4 percent. It is noted that lending to low-income borrowers was lower than the percentage of low-income families (15.1 percent) in the assessment area; however, for a significant portion of these low-income families, qualifying for home mortgage loans is difficult given the current economic environment. This was further validated by the community contact conducted during the examination. The Bank ranked 2<sup>nd</sup> in lending to low-income borrowers in the City of Melrose for 2013. JP Morgan Chase was the only institution ranked higher than Melrose Co-operative Bank.

In 2013, the Bank originated 26.6 percent of home mortgage loans to moderate-income borrowers, which is higher than the aggregate lending percentage, at 15.8 percent, and above the percentage of moderate-income families in the assessment area at 13.3 percent. Market share reports for 2013 demonstrate the Bank ranked 3<sup>rd</sup> out of 75 lenders in lending to moderate-

income borrowers in the assessment area. Ranked above the Bank were JP Morgan Chase and Wells Fargo Bank.

In 2014, the Bank did not originate any home mortgage loans to low-income borrowers. For the same year, the Bank originated 14.8 percent of home mortgage loans to moderate-income borrowers, which is slightly higher than the percentage of moderate-income families in the assessment area.

Based on the Bank's lending to different borrowers in the assessment area, the Bank's responsiveness to credit needs is considered to represent reasonable penetration.

#### 4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the *Description of Assessment Area*, the Bank's assessment area is comprised of 5 census tracts of which none are low-income, one is moderate-income, three are middle-income, and one is upper-income.

Based on a review of the HMDA LAR, the overall geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

Table 6 illustrates the geographic distribution of the Bank's 2013 and 2014 HMDA reportable lending performance within the assessment area. For comparison purposes, the table includes the percentage of owner-occupied housing units within each tract income category and the aggregate market lending data for 2013.

<b>Table 6 – Distribution of Home Mortgage Loans by Income Category of the Geography</b>				
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>
Moderate				
2013	10.4	13.5	7	11.0
2014	10.4	NA	1	3.6
Middle				
2013	63.8	61.8	34	53.1
2014	63.8	NA	13	48.2
Upper				
2013	25.8	24.7	23	35.9
2014	25.8	NA	13	48.2

*Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, NA is aggregate information which was not available as of the evaluation date*

In 2013, the Bank originated 11.0 percent of its mortgage loans in the moderate-income census tract. This figure is lower than the aggregate at 13.5 percent and higher than the percentage of owner-occupied housing units at 10.4 percent. The demographics show that the opportunity to lend within the moderate-income tract is limited as the majority (89.6 percent) of owner-occupied housing is located in middle-income and upper-income census tracts. Market Share Reports for 2013 reveal the Bank ranked 7<sup>th</sup> in lending within moderate-income census tracts in the assessment area. The top three ranked institutions were Wells Fargo Bank, JP Morgan Chase

Bank, and CitiMortgage, Inc. Melrose Co-operative Bank was the highest ranked local institution.

In 2014, the Bank's lending in the moderate-income tract decreased to 3.6 percent, which is below the percentage of owner-occupied units. The decline is attributed to the low number of owner-occupied units (728), the competitive lending environment, and the high number of refinanced loans in 2013.

Based on the above information, the Bank is considered to have a reasonable dispersion among the various census tract geographies, in particular the moderate-income census tract in Melrose.

## **5. RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES**

The Bank has not received any CRA complaints over the evaluation period. The Bank does have policies and procedures in place for consumer complaints.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

## APPENDIX A

### MINORITY APPLICATION FLOW

The Bank's residential lending was compared with the 2013 aggregate's lending performance to derive reasonable expectations for the rate of applications the Bank receives from minority residential loan applicants. Refer to Table 7 for information on the Bank's minority application flow as well as a comparison of the aggregate lenders throughout the Bank's assessment area.

Table 7 - MINORITY APPLICATION FLOW					
RACE	Bank 2013		2013 Aggregate Data	Bank 2014	
	#	%	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0.1	0	0.0
<i>Asian</i>	1	1.3	3.1	1	3.0
<i>Black/ African American</i>	1	1.3	0.7	0	0.0
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.1	0	0.0
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	5	6.3	1.6	1	3.0
<b>Total Minority</b>	<b>7</b>	<b>8.9</b>	<b>5.7</b>	<b>2</b>	<b>6.0</b>
<i>White</i>	64	81.0	70.0	29	87.9
<i>Race Not Available</i>	8	10.1	24.3	2	6.1
<b>Total</b>	<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>
<b>ETHNICITY</b>					
<i>Hispanic or Latino</i>	2	2.5	1.4	0	0.0
<i>Not Hispanic or Latino</i>	58	73.4	73.6	30	90.9
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	1	1.3	0.9	0	0.0
<i>Ethnicity Not Available</i>	18	22.8	24.1	3	9.1
<b>Total</b>	<b>79</b>	<b>100.0</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>

Source: 2013 and 2014 HMDA LARs & 2013 HMDA Aggregate Data

According to the 2010 U.S. Census, the Bank's assessment area contained a total population of 26,983 individuals of which 10.5 percent are minorities. The assessment area's minority and ethnic population is 2.3 percent Black/African American, 3.8 percent Asian, 0.0 percent American Indian, 1.9 percent "Other Race" and 2.5 percent Hispanic or Latino.

In total for 2013 and 2014, the Bank received 112 HMDA reportable loan applications within its assessment area. Of these applications, 9 or 8.0 percent were received from minority applicants. The Bank also received 3 or 2.7 percent from ethnic applicants of Hispanic origin within its assessment area.

The Bank's racial minority application flow in 2013 was above the aggregate. The Bank received 7 applications or 8.9 percent from minorities, while the aggregate received 5.7 percent. Of these 7 applications, all resulted in originations as compared to 79.3 percent of the aggregate. The Bank received 3 applications or 3.8 percent from Hispanic or Latino applicants or joint applicants in which one applicant was Hispanic or Latino, while the aggregate received 2.3 percent of applications from the same group. Of these 3 applications, all resulted in originations as compared to 82.0 percent of the aggregate.

In 2014, the Bank received 2 applications or 6.0 percent from minorities which is lower than the percentage in 2013. The Bank did not receive any applications from Hispanic or Latino applicants or joint applicants in 2014.

The Bank's minority application flow is reasonable as compared to the aggregate and the demographics of the assessment area.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 638 Main Street, Melrose, Massachusetts 02176."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.